

Lynn Kunzler< lynnkunzler@utah.gov>**Re: FW: Iron Ore Recovery From Geneva Steel Tailings**

1 message

Lynn Kunzler< lynnkunzler@utah.gov>
To: Garrett Walker <gwalker@smithknowles.com>

Wed, Apr 10, 2013 at 11:31 AM

Garrett:

On April 2, 2013, I went out to the referenced site to investigate the basis of your concern that mining operations were being conducted without the appropriate permits. I was accompanied with a representative of the Attorney General's office.

We found 3 different companies conducting different operations at the site. One company was only razing the old building and cleaning up the areas they occupied. The second company was leveling areas where 'sludge material' had been previously piles, in order to develop the land for the property owner. They were not removing any material from the site.

The third company was crushing and screening slag material, which was then being trucked from the site to various locations through out Utah County for use as fill, or road base type materials. They indicated that they have been in this business for approximately 60 years, and had the appropriate local business licences and permits for their operations. They were not processing or concentrating 'iron ore' for shipment to China (they were however using a magnet to remove mostly scrap iron that was mixed in the old slag piles and were sending that to a recycler.

Based on the observations made, the Division has determined that none of the activities at this site constitute a mining operation that would require permitting from our office.

We do, however appreciate your concerns and comments made to us. Had our decision been different, we would not have known without you bringing it to our attention.

On Tue, Mar 12, 2013 at 3:30 PM, Garrett Walker <gwalker@smithknowles.com> wrote:

Lynn,

The picture is attached.

Thanks,

Garrett A. Walker

Smith Knowles, P.C.



Lynn Kunzler<lynnkunzler@utah.gov>

FW: Iron Ore Recovery From Geneva Steel Tailings

1 message

Garrett Walker<gwalker@smithknowles.com>
To: "lynnkunzler@utah.gov" <lynnkunzler@utah.gov>

Tue, Mar 12, 2013 at 3:30 PM

Lynn,

The picture is attached.

Thanks,

Garrett A. Walker

Smith Knowles, P.C.

From: Garrett Walker
Sent: Tuesday, March 12, 2013 3:29 PM
To: 'lynnkunzler@utah.gov'
Cc: Dana T. Farmer (dfarmer@smithknowles.com)
Subject: FW: Iron Ore Recovery From Geneva Steel Tailings

Lynn,

Thank you for discussing this on the phone. The site that we believe can be classified as a mining operation is located at the following coordinates (which is approximately 334 East 1600 North, Vineyard, Utah):

Latitude: 40.320344 Longitude: -111.752046

The facts are set forth below in the email to Jennifer Casady. I don't know whether or not they are still actively extracting minerals at this time, but as you can see on the attached picture of the site there is mining equipment. The contract with the owner references the tailings being mined for Iron Ore as the Black Sea and the Red Sea. You can see the red and black mounds in the northwest quarter-section of the

attached picture. I'll look forward to receiving your position with respect to whether this is/was a mining operation.

Thanks,

Garrett A. Walker

Smith Knowles, P.C.

From: Jennifer Casady [mailto:jcasady@utah.gov]
Sent: Tuesday, March 12, 2013 1:24 PM
To: Garrett Walker
Cc: Dana Farmer
Subject: Re: Iron Ore Recovery From Geneva Steel Tailings

Garrett,

I am going to recommend that you contact the Division of Oil, Gas and Mining at 801-538-5340. They would be the department that would classify an operation as a mine.

Thanks,

Jennifer Casady

Audit Manager

Ph 801-297-4639

On Tue, Mar 12, 2013 at 12:30 PM, Garrett Walker <gwalker@smithknowles.com> wrote:

Jennifer,

I was surprised that the tax commission does not consider the operation presently occurring at the former site of Geneva Steel to be a mining operation for which severance taxes must be paid. In an effort to better understand the tax commission's position, would you mind pointing out where the following analysis goes askew?

"Every person engaged in the business of mining or extracting metalliferous minerals in this state shall pay to the state a severance tax equal to 2.6% of the taxable value of all metals or metalliferous minerals sold or otherwise disposed of." UTAH CODE ANN. § 59-5-202(1) (2012) (emphasis added). The term

"**mining**" is defined as "the act, process, or work of **extracting minerals from** their natural occurring environment or from **a mine**, and transporting or moving those minerals to the point of processing, use, or sale." *Id.* § 59-5-201(3) (emphasis added). The term "**mine**" is defined as "**an operation for extracting minerals and includes any deposit of valuable metalliferous minerals that are being extracted from a natural deposit, or a secondary source including tails, slag, waste dumps, or other similar secondary source**, whether in solution or otherwise." *Id.* § 59-5-201(2) (emphasis added). The term "metalliferous minerals" is defined to include "any ore . . . containing the following: . . . (xxii) iron." *Id.* § 59-5-201(1)(xxii).

At the former Geneva Steel site, mining equipment is being used to extract iron ore from Geneva Steel's tailing pile/waste dump. This iron ore is then shipped to China for processing. Since the definition of a mine is not limited to operations for extracting minerals from natural mineral deposits, but also includes operations for extracting minerals from secondary sources such as tailings and waste dumps without specifying whether or not the tailing pile/waste dump originated from a natural deposit, wouldn't the iron ore being shipped to China be subject to a severance tax? I don't see a provision in the code where it distinguishes between tailing piles/waste dumps associated with a naturally occurring mine and tailing piles/waste dumps associated with a man-made operation such as Geneva Steel. I also don't see a provision designating that only the tailing piles/waste dumps associated with a naturally occurring mine are subject to the severance tax. Does it matter whether or not the tailing pile/waste dump from which iron ore is being processed was created from the byproduct of a naturally occurring mine or a man-made operation? Are there other provisions that I've overlooked or missed?

Your help is greatly appreciated.

Thanks,

Garrett A. Walker

Smith Knowles, P.C.



Aerial Map of Geneva Property II (A0557093).PDF
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